

**Washington State Auditor's Office**  
**Special Education Program Audit**  
**Audit Services**

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Report No. 58301

**ONALASKA SCHOOL DISTRICT No. 300**

Lewis County, Washington

September 1, 1995 Through August 31, 1996

June 6, 1997

I am pleased to report the results of our program audit of Onalaska School District No. 300 Special Education Program covering the period September 1, 1995, through August 31, 1996. This report was prepared under the authority granted by Chapter 283, Laws of 1996.

Our audit gives an independent, accurate assessment of the condition of the program during the period we reviewed. I hope it is used as a constructive management tool to help the school districts improve their operations and to help the Legislature and others in policy decisions on special education funding.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

Copies transmitted to:

Pete DeYoung, Chair of the Board of Directors  
Dr. Robert P. Kraig, Superintendent  
Becky Turnbull, Counselor/ Special Education Director  
Linda Armstrong, Business Manager  
Educational Service District No. 113  
Marcelyn A. Senger, School Business Services-Supervisor of Audit Management and  
Resolution, Superintendent of Public Instruction  
Safety Net Committee  
Jim West, Chair, Senate Ways and Means Committee  
Tom Huff, Chair, House Appropriations Committee  
Cheryle Broom, Legislative Auditor, Joint Legislative Audit and Review Committee  
Edith Harding, Washington State Institute for Public Policy  
Laurie Fortier, State Publication Distribution, State Library  
The Honorable Christine O. Gregoire, Attorney General, Office of the Attorney General

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# Onalaska School District No. 300 Special Education Program Audit Report Summary

## BACKGROUND

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The State Auditor's Office was given responsibility for auditing special education programs by the Legislature. Lawmakers were concerned about special education programs that exhibit unusual rates of growth, extraordinarily high costs or other characteristics requiring the attention of the State Special Education Safety Net Committee. The Safety Net Committee was created to oversee state and federal special education funds set aside by the Legislature to assist school districts with demonstrated financial or program needs not met through the special education funding formula.

The Onalaska School District is among approximately 20 school districts to be selected for a program audit this fiscal year. The district was selected based upon the change in its special education population and its 1995-96 application for additional funding through the state safety net.

## AUDIT RESULTS

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### Objective 1:

**To determine whether the Onalaska School District Special Education Program effectively and efficiently provides a Free and Appropriate Public Education (FAPE) to special education students as defined by the *Washington Administrative Code* (WAC).**

### Conclusions:

- In our opinion, the district provides FAPE to special education students. The services are designed to meet the needs of students with disabilities to the same extent as students without disabilities.
- The district has begun to limit its referrals to special education as part of an effort to decrease special education enrollment. The district is taking a closer look at students to assess whether they are "in need of special education services" and considering more education alternatives before referring students to special education.
- The majority of the district's special education students are served in a traditional resource room, pull-out program.

***District Response:***

*The district stated that it continues to effectively and efficiently provide a Free and Appropriate Education (FAPE) to eligible special education students. However, the district has restricted students' initial eligibility through an increase in standards relative to the "in need of specially designed instruction" criteria. The district believes that because of this: students who were eligible and found ineligible at reassessment are struggling with work in the general education setting, students who are initially referred are not qualifying and special education teachers have had difficulty explaining to parents and general education teachers why students who were once eligible for services are no longer eligible.*

*The district is concerned that as students are turned away from special education and qualify to receive Title I and LAP services, students working closer to their grade level will be deemed lower priority and not receive extra assistance. The former Title and LAP students then tax the general education teachers' resources. The district also said that teachers' efforts to provide for struggling students takes away time available to provide enrichment for average and gifted students who also lose out with this reduction in resources.*

■ ■ ■

**Objective 2:**

**To evaluate the Onalaska School District Special Education Program system of internal controls that ensure compliance with state and federal special education requirements.**

**Conclusion:**

- The district generally has adequate internal control policies and procedures.
- However, we found that nearly 14 percent of the district individual education programs (IEPs) examined were not updated by the required date. We recommend the district implement controls to ensure that the P-223H count includes only students with current IEPs and evaluations.

***District Response:***

*The district stated that the internal control which monitors counting special education students on the P-223H Form without current IEPs has already been addressed. There was a tacitly agreed to "grace period" which allowed districts to continue to count students whose IEPs were out of date by one or two months. The district stated that beginning in the 1996-97 school year, no students have been counted on the P-223H form with out of date IEPs although special education services have been continued while the necessary paperwork was completed.*

**Auditor's Concluding Remarks:**

We appreciate the district's prompt attention to this issue.

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**Objective 3:**

**To verify that the Onalaska School District Special Education Program IEPs are appropriate and properly prepared.**

**Conclusion:**

We reviewed 36 student files, besides the enrollment counting issue discussed in Objective 2, we noted an additional item of concern.

- One student file did not indicate the hours of special education services to be provided. Inquiry of the special education teacher revealed that this student received no special education services. We recommend that students no longer requiring specially designed instruction be exited from the special education program.

***District Response:***

*The district stated that the student file noted with no special education services indicated was due to a clerical error on the teacher's part. This student was receiving specially designed instruction in study skills with the Title I teacher. The student had worked with this teacher the previous year when the teacher worked in the special education program. The MDT felt that it was important for this emotionally fragile girl to maintain this relationship. The district feels that the special education teacher failed to explain the details of the problem very carefully to the auditor.*

*All students who are counted receive specially designed instruction.*

**Auditor's Concluding Remarks:**

We believe that in order to provide efficient and effective special education services, student files must adequately describe both the need for specially designed instruction and the services provided to each student. We reaffirm our recommendation.

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**Objective 4:**

**To determine why the Onalaska School District Special Education Program exhibits high rates of growth, extraordinarily high costs or other characteristics that require the attention of the Safety Net Committee.**

## **Conclusion:**

- Onalaska School District's special education enrollment decreased from 17.82 percent in 1994-95 to 15.14 percent in 1995-96. The district has made efforts to reduce their special education enrollment in accordance with certifications made to the safety net. The funding formula allows a grace period for districts to reduce their special education enrollment percentage. Onalaska School District was funded for its entire 1995-96 special education enrollment.
- The district reevaluated its special education population during the 1994-95 school year. The reevaluations resulted in 22 students being exited from the special education program.
- Special education expenditures for a program that pays students for work within the district totaled \$14,449 in 1995-96. Several districts audited had similar work experience programs, however, none paid students from special education funds.
- The district did not formally allocate any basic education funding related to its special education population to the special education program. The district stated that basic education revenues were available to special education students and programs as necessary.

## ***District Response:***

*The district stated that Onalaska School District is located in a rural part of Lewis County and there are few if any jobs available to students. Additionally, many of the districts special education students come from families who qualify for the free and reduced lunch program. The district believes that jobs within the district gives these students a much needed vocational experience a definite advantage when they look for employment beyond graduation.*

*The district also believes it is important to reiterate that its special education students derive benefit from services provided with basic education funding: administrative support, counseling services from one of the three district counselors, health services from the school nurse, and education in general education classes. The district stated that it is appropriate the basic education funding allotment received for special education students be used to help support all of these basic education services.*

## **Auditor's Concluding Remarks:**

We reaffirm our contention that the use of special education funds to pay students for work within the district contributes to high special education costs. We don't believe this is an efficient use of special education resources.

The Office of Superintendent of Public Instruction (OSPI), school district administrators and our office are addressing accounting issues associated with special education expenditures and their relation to special and basic education revenues.



**Objective 5:**

**To identify elements of the Onalaska School District Special Education Program that could be considered for implementation at other school districts.**

**Conclusion:**

- We did not identify specific elements of the district program that could be considered for use at other districts, however, the district is committed to meeting the needs of its students.

***District Response:***

*The district feels that their Positive Education Program, a self-contained program for students with behavioral and emotional difficulties deserves special note, not necessarily for its uniqueness, but because the district staff has been able to implement a therapeutic classroom for disturbed children in a rural setting with few fiscal resources.*



The basis for our conclusions and the district's full response is included in the Report Detail section.



# Onalaska School District No. 300 Special Education Program Audit Report Detail

## INTRODUCTION

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This report contains the results of a program audit we performed on the Onalaska School District Special Education Program. Our audit covered the 1995-96 school year. The field work was completed on February 28, 1997.

## BACKGROUND

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In 1995, the Legislature revised the state special education funding formula (Chapter 18, 2nd Special Session, Laws of 1995). The formula incorporates three significant changes: (1) the move to an “excess cost” funding model that includes only the costs of a child’s special education above basic education funding, (2) establishment of a maximum index of eligible special education enrollment per district and (3) a single allocation of funds per student without regard to a student’s disability.

The Legislature set aside nearly \$40 million in state and federal funds to assist school districts with demonstrated financial or program needs not met through the funding formula. This “safety net” was required due to a 1987 court decision in the case, *Washington State Special Education Coalition v. State of Washington*. The court requires the state to provide a safety net when special education funding is based upon statewide averages. A State Special Education Safety Net Committee was created to review applications for safety net funds. The State Auditor’s Office was given responsibility for auditing special education programs exhibiting unusual rates of growth, extraordinarily high costs or other characteristics requiring the attention of the Safety Net Committee.

This audit was conducted in accordance with the legislation that assigned the State Auditor’s Office responsibility for auditing special education programs. The Onalaska School District is among approximately 20 districts to be selected for a program audit this fiscal year. The district’s program was selected based on two factors. First, the overall decrease or change in the special education population between 1994-95 and 1995-96. The second factor was the applications submitted to the Safety Net Committee.

## AUDIT SCOPE

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We examined student Individual Education Programs (IEPs) and other district records concerning the assessment and evaluation of students. We reviewed the special education program for efficiency and effectiveness. We also looked at records and data to determine the accuracy of statements made to the Safety Net Committee.

The methods used to perform this audit included detailed reviews of district records, staff interviews, observation of the program and analysis of data derived from the district and other sources when appropriate. Specific methods used for the examination of each audit objective are detailed in the working papers.

## SCHOOL DISTRICT DESCRIPTION

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The Onalaska School District is a municipal corporation organized pursuant to Title 28A *Revised Code of Washington* (RCW) to provide public school services to students in grades K-12. Five elected board members have oversight responsibility for the district. The board appoints district management and has fiscal responsibility for the district.

District officials who were key contacts during this audit include:

- Dr. Robert P. Kraig, Superintendent
- Ms. Linda Armstrong, Business Manager
- Ms. Becky Turnbull, Counselor/ Special Education Director

Other information related to the district was provided by:

- Mr. Chuck Ten Pas, Director, Lewis County Special Education Cooperative
- Mr. Craig Bailey, Psychologist, Lewis County Special Education Cooperative
- Ms. Lynn Cole, Secretary, Lewis County Special Education Cooperative

Onalaska School District is located in Lewis County. The district serves students K-12. The 1995-96 district enrollment was approximately 913 students, of which 138 were special education students. The special education enrollment decreased to approximately 15.14 percent of total enrollment from the 1994-95 percentage of 17.82.

Onalaska School District is one of 12 districts participating in the Lewis County Special Education Cooperative. The Cooperative provides special education forms, related services personnel and training to special education staff. Cooperative personnel also conduct student assessments. The Cooperative is funded through the participating districts by charging a “per student” fee for its services. In addition, The Cooperative receives the Individuals with Disabilities Education Act part B (IDEA part B) federal grant for each participating district.

## AUDIT RESULTS

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### Objective 1:

**To determine whether the Onalaska School District Special Education Program effectively and efficiently provides a Free and Appropriate Public Education (FAPE) to special education students as defined by the *Washington Administrative Code (WAC)*.**

### Conclusion:

WAC 392-172-035 defines FAPE as special education and related services which are provided at public expense, meet the standards of the state education agency, include preschool, elementary school or secondary school education and conform with individualized education program requirements. The Onalaska School District provided FAPE to its 1995-96 special education students.

The district has a referral and evaluation process for students with needs that may not be met in the general education classroom. In the 1995-96 school year, the district's special education enrollment was above the 12.7 percent index established by the new funding formula. Districts have been accorded a four-year window to decrease, if necessary, their special education enrollment. The district may lose funding for students served over the 12.7 percent index. For this reason, the district has begun to limit its referrals to special education. The district "childfind" activities are conducted through the Lewis County Special Education Cooperative. The cooperative limits yearly childfind activities to the minimum federal requirement. The district is also taking a closer look at students to assess whether they are "in need of special education" or whether accommodations or modifications can be made in the general education setting.

Most special education students receive services within the district's special education resource room. However, students with more involved needs are often served by the Centralia/Chehalis Special Education Cooperative. The services, responsibilities and associated costs are administered through an interdistrict agreement with the Centralia/Chehalis Cooperative.

### ***District Response:***

*Although Onalaska continues to effectively and efficiently provide a Free and Appropriate Education (FAPE) to eligible special education students, we have restricted students' initial eligibility through an increase in standards relative to the "in need of specially designed instruction" provision in the eligibility criteria. This has had two effects: 1) students who were eligible and found ineligible at reassessment are struggling with work in the general education setting. As they qualify and receive Title I and LAP assistance, students formerly helped with these programs and who are operating closer to grade level expectation are deemed lower priority and therefore do not receive extra assistance. When the former Title and LAP students are in the classroom, they then tax the general education teachers' resources. Our general education teachers try to provide enough individual help for all*

*students, but often find it difficult to individualize when there are 30 to 35 students in a class. Teachers' efforts to provide for struggling students also takes away time available to provide enrichment for average and gifted students who also lose out with this reduction in resources. 2) Students who are initially referred are not qualifying for services with the same impact on all students referred to above. 3) Parents and general education teachers have come to expect a certain level of service and assistance for struggling students. It is difficult for our special education teachers to explain to parents and general education teachers why students who were once eligible for services are no longer eligible because of the higher "in need of specially designed instruction" criteria.*

## **Objective 2:**

**To evaluate the Onalaska School District Special Education Program system of internal controls that ensure compliance with state and federal special education requirements.**

## **Conclusion:**

Internal controls are established to direct the special education referral process and ensure continuing compliance with special education requirements. We conducted interviews with the special education and cooperative administrative team, certificated staff and the school psychologist to document and assess the staff's understanding and compliance with the process. The interviews and our student file review established that an internal control process is in place, appropriate personnel are assigned to oversee the process and special education staff know and attempt to follow the process.

One area that should be strengthened is the monthly report of the special education enrollment for the district (P-223H Form). Our review indicated that nearly 14 percent of the district IEPs examined were not updated by the required date. The P-223H eligibility criteria states that a student's IEP and evaluation must be current on the count date. To comply with requirements, the district should implement controls to ensure that the P-223H count includes only students with current IEPs and evaluations.

## ***District Response:***

*Your concern that we strengthen the internal control which monitors counting special education students on the P-223H Form without current IEPs has already been addressed. Up until the 1996-1997 school year, there was a tacitly agreed to "grace period" which allowed districts to continue to count students on the P-223H Form whose IEPs were out of date by one or two months. The error of this assumption was pointed out to us by Joan Seeberger in a training in May of 1996. Since that time, no students have been counted on the P-223H form with out of date IEPs although special education services have been continued while the necessary paperwork was completed.*

### **Auditor's Concluding Remarks:**

We appreciate the district's prompt attention to the issues noted in the report.

### **Objective 3:**

**To verify that the Onalaska School District Special Education Program IEPs are appropriate and properly prepared.**

### **Conclusion:**

We reviewed 36 special education files to determine if IEPs complied with state and federal procedural requirements and directives. Besides the enrollment counting issue discussed in Objective 2, we noted an additional item of concern.

One student file identified a need for special education support with study skills. The IEP did not indicate the hours of special education services to be provided. Inquiry of the special education teacher revealed that this student received no special education services. We recommend that students no longer requiring specially designed instruction be exited from the special education program.

### ***District Response:***

*The student file noted with no special education services indicated was due to a clerical error on the teacher's part. In the section where the teacher indicated minutes in regular education, 1575 minutes were noted. Since there are 1800 minutes in a school week, the 225 minutes unaccounted for (45 minutes a day) were in fact minutes this student was receiving specially designed instruction in study skills with our Title I teacher. The student had worked with this teacher the previous year when the teacher worked in our special education program and the MDT felt that it was important for this emotionally fragile girl to maintain this relationship. In discussing this situation with the auditor, our special education teacher did not explain the details of the problem very carefully.*

*All students who are counted receive specially designed instruction. When we re-integrate a student back into the regular program for a trial period, we remove the student from the P-223H Form, but maintain the student's eligibility status so we can facilitate re-entry into a program with specially designed instruction with due haste if necessary.*

### **Auditor's Concluding Remarks:**

We believe that in order to provide efficient and effective special education services, student files must adequately describe both the need for specially designed instruction and the services provided to each student. We reaffirm our recommendation.

#### **Objective 4:**

**To determine why the Onalaska School District Special Education Program exhibits high rates of growth, extraordinarily high costs or other characteristics that require the attention of the Safety Net Committee.**

#### **Conclusion:**

Onalaska School District's special education enrollment decreased from 17.82 percent in 1994-95 to 15.14 percent in 1995-96. However, the district's enrollment was still significantly above the 12.7 percent index contained in the new funding formula. The funding formula allows a grace period for districts to reduce their special education enrollment percentage. During the first year of the grace period, districts were funded up to 75 percent of their 1994-95 enrollment percentage or the actual 1995-96 percentage, whichever was less. Onalaska School District was funded for its entire 1995-96 special education enrollment.

The district has attempted to reduce their special education enrollment in accordance with certifications made in their safety net applications. The district began by reevaluating its special education population during the 1994-95 school year in anticipation of the state funding formula change. The reevaluations resulted in 22 students being exited from the special education program.

We considered whether the district has unusually high costs or other characteristics requiring the attention of the Safety Net Committee. We reviewed program staff and budgets before and after the funding formula change. The district special education program did not change significantly between the two years.

The district received Maintenance of Effort State Revenue (MOESR) and three Individual High Cost Student awards from the safety net in 1995-96. We reviewed the district applications and expenditures related to the high cost students. We found expenditures to be for students and services as detailed in the applications.

The district has a high school program that pays special education students for work within the district. Special education students work in school lunch rooms and assist school janitors. The students are paid minimum wage. Special education expenditures for this program totaled \$14,449 in 1995-96. Several districts audited had similar work experience programs, however, none paid students from special education funds.

Before 1995-96, the special education formula automatically allocated a portion of the basic education revenue to the special education program. This allocation was based on an assumed amount of time that students spent in special education programs. The formula also assumed that the greater the amount of time spent in special education classes, the more basic education delivered in the special education program.

The new formula allows districts to allocate the basic education dollars associated with special education students. Presumably, the district can better allocate basic education revenue based

on the actual service delivery patterns. The allocation could result in more or less basic education revenue available to the special education program. However, all of the basic education revenue is at the school district to serve those students.

The district did not formally allocate any basic education funding related to its special education population to the special education program. The district stated that basic education revenues were available to special education students and programs as necessary.

***District Response:***

*The audit noted that Onalaska is unique in our payment of minimum wage to our high school special education students who hold part-time jobs in the district to fulfill IEP Vocational/Transition Goals. Onalaska School District is located in a rural part of Lewis County and there are few if any jobs available to our students with the strengthening of State Law protecting students from employment in risky jobs (such as agricultural or woods work). Additionally, many of our special education students come from families who qualify for the free and reduced lunch program which is just one indicator that there is not a lot of family resources to provide separate transportation into Centralia/Chehalis for a job. The provision of jobs within the district gives these students a much needed vocational experience where they can see the direct results of their hard efforts in a paycheck. Most of these students will need to be directly employed upon their graduation; this legitimate job experience gives them a definite advantage when they look for employment beyond graduation.*

*It is important to reiterate that all of our special education students derive benefit from services provided with basic education funding: administrative support, counseling services from one of the three district counselors, health services from our school nurse, use of the library, use of our extensive computer/technology equipment, participation in extra-curricular activities and education in general education classes. Because of this, it is appropriate the basic education funding allotment received for special education students be used to help support all of these basic education services.*

**Auditor's Concluding Remarks:**

We reaffirm our contention that the use of special education funds to pay students for work within the district contributes to high special education costs. We don't believe this is an efficient use of special education resources.

We would also like to note that Office of Superintendent of Public Instruction (OSPI), school district administrators and our office are addressing accounting issues associated with special education expenditures and their relation to special and basic education revenues. These issues are being addressed through the School District Accounting Advisory Committee. The committee hopes to communicate additional guidance in this area in the future.

**Objective 5:**

**To identify elements of the Onalaska School District Special Education Program that could be considered for implementation at other school districts.**

**Conclusion:**

We did not identify specific elements of the district program we would consider for use at other districts, however, the district is committed to meeting the individual needs of its students. It is evident from the staff interviews that cooperation exists between the general and special education staffs.

***District Response:***

*We appreciate the recognition that we are dedicated to meet the individual needs of our students and that there is a close working relationship between our general education and special education staff. We feel that our Positive Education Program, a self-contained program for students with behavioral and emotional difficulties deserves special note, not necessarily for its uniqueness (it is based on a program in Cleveland, Ohio bearing the same name and is used for emotionally disturbed children at various schools throughout the state, including Child Study and Treatment Center) but because our staff has been able to implement a therapeutic classroom for disturbed children in a rural setting with few fiscal resources. The fact that the program is run within the resource room by a teacher and an assistant who are also responsible for meeting the needs of all handicapped children in the school is what makes our program unique and a potential model to other rural school districts.*

## **ADDITIONAL INFORMATION**

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It is important to note that this audit does not replace, or otherwise duplicate, the regularly scheduled audit of the district that includes a review of financial statements and compliance with laws and regulations. Accordingly, we do not express any opinion related to those items in this report. We did consult with the financial auditors and brought items to their attention when warranted.

The audit of the Onalaska School District Special Education Program was performed in accordance with generally accepted government auditing standards. As such, it included such tests of records and other audit procedures we considered necessary, including a review of management controls where appropriate.

This report is a public document. To obtain additional copies of this report, or for questions related to the audit, address inquiries to the State Auditor's Office, P.O. Box 40021, Olympia, WA 98504-0021 or call (360) 753-4792.



# Onalaska School District No. 300 Special Education Program Audit Addendum

## Directory Of Officials

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### Elected

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|                                 |              | <u>Term</u> | <u>Expiration</u> |
|---------------------------------|--------------|-------------|-------------------|
| Board of Directors:<br>Chairman | Pete DeYoung | 4           | December 1999     |
|                                 | Steve Frase  | 4           | December 1997     |
|                                 | Ed Oliphant  | 4           | December 1997     |
|                                 | Mark Nissell | 4           | December 1997     |
|                                 | Karen Rains  | 4           | December 1999     |

### Appointed

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|  |                  |
|--|------------------|
| Superintendent                             | Dr. Robert Kraig |
| Business Manager                           | Linda Armstrong  |
| Counselor/Director of<br>Special Education | Becky Turnbull   |
| Attorney                                   | Craig Hanson     |

### Mailing Address

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|          |   |
|----------|---|
| District | 540 Carlisle Ave<br>Onalaska WA 98570                           |
| Attorney | Evergreen Plaza Building<br>711 Capitol Way<br>Olympia WA 98501 |